



International Issues for U.S. Citizens Living Abroad



Who Must File?

U.S. citizens file Form 1040

U.S. resident aliens file Form 1040

- Green Card Holders
- Substantial Presence Test

Nonresident aliens file Form 1040NR





What about Social Security?

Totalization Agreements:

Eliminate dual Social Security taxation

Protect benefits for workers who have divided career between U.S. and another country

Self-Employment Tax

U.S. Citizens/Res. Aliens: 1040, Sch SE

U.S. Possessions: <u>1040-SS</u> or <u>1040-PR</u>



Foreign Earned Income Exclusion

U.S. Citizen or U.S. Resident Alien

Foreign Earned Income

Tax Home in Foreign Country

Must Meet Either:

- A. Bonafide Residence Test, or
- B. Physical Presence Test



Foreign Earned Income Exclusion

Husband and wife could be eligible to exclude up to \$91,500 each for total exclusion of \$183,000



Exclusion/Deduction for qualifying foreign housing expenses

Income above excluded amount taxed at higher rate



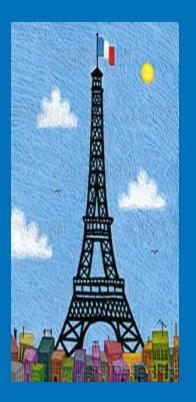
Foreign Tax Credit

Eliminates double taxation

Must be:

- Income tax on foreign income
- Legally <u>owed</u> and <u>paid</u>

No credit for foreign taxes on excluded income



Tax Treaties

Saving Clause

 Allows U.S. to tax citizens and residents as if treaty doesn't exist

Form 8802 – Application for U.S. Residency Certification



Reporting Foreign Accounts

Form TD F 90-22.1

- Foreign accounts, in aggregate
- Over \$10,000 on any day of the year
- Filed with <u>Treasury Dept</u> by June 30 (no extensions)



Reporting Foreign Accounts

Form 1040, Schedule B, Part III
Form 8938

- Foreign Accounts, in aggregate
- Over \$50,000 on any day of year
- Filed with Form 1040

Offshore Voluntary Disclosure

– Deadline: August 31, 2011



International Forms

3520 – Annual Return to Report
Transactions With Foreign Trusts/
Receipt of Certain Foreign Gifts

3520-A – Annual Return of Foreign Trust with a U.S. Owner

International Forms

5471 – Information Return of U.S. Persons With Respect to Certain Foreign Corporations

5472 – Information Return of a Foreign Owned Corporation

8898 – Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession

Need Help?

Call International Customer Service at

(267) 941-1000 (not toll free)

Mon.-Fri. 6:00 a.m.-11:00 p.m. EST

Check www.irs.gov

Keyword: International

Helpful publications:

54, 514, 901, 4732